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TAGS: AORG, AFSP, AFIN, IAEA

SUBJECT: 1975 A AND B COMMITTEE, AFTERNOON, APRIL 15,

AGENDA ITEM TWO, THE AGENCY'S BUDGET FOR 1975

REF: A. STATE 83435; B. STATE 80527; C) IAEA 2670

SUMMARY: INTERVENTIONS ON REQUEST BY DG FOR REQUESTING SUPPLEMENTAL APPROPRIATION FOR 1975 BUDGET OF 1973 AND 1974 CASH SURPLUSES TO MEET DECLINING VALUE OF DOLLAR GENERALLY REFLECTED RELUCTANT AGREEMENT THAT IT PRAGMATIC SOLUTION TO DIFFICULT PROBLEM. ALL BUT PHILIPPINES AGREED THAT RETURNING CASH SURPLUSES TO MEMBERS AND REQUIRING SUPPLEMENTAL ASSESSMENT WOULD BE FAR WORSE SOLUTION. PROPOSAL TO EXPAND INIS TO INCLUDE MACHINE READABLE ABSTRACTS FOUND TOUGHER SLEDDING, BUT MISSION BELIEVES SUPPORT CAN BE ATTAINED BY JUNE BOARD. NUMBER OF INTERVENTIONS STRESSED EVEN FURTHER ECONOMY MEASURES. SECRETARIAT WILL PREPARE REPORT OF DISCUSSION, WITH DUE CONSULTATIONS, FOR JUNE BOARD. END SUMMARY.

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1. PRINCIPAL TOPIC FOR DISCUSSION UNDER AGENDA ITEM

TWO WAS USE OF 1973 AND 1974 CASH SURPLUSES TO HELP FINANCE EXPECTED SHORT-FALL IN 1975 DUE TO CONTINUED DEPRESSED VALUE OF DOLLAR. USE OF SUCH SURPLUSES REQUIRE WAIVER OF PORTION OF FINANCIAL REGULATIONS (A STEP REQUIRED ALSO FOR TWO PRIOR YEARS). PHILIPPINES AND SOUTH AFRICA OPPOSED PROPOSAL: PHILIPPINES OUT OF GENERAL ORNERINESS AND BECAUSE IN 1973 GC WAS ASKED TO APPROVE SUPPLEMENTAL ASSESSMENT. SOUTH AFRICA CALLED ITS INTERVENTION ON THIS PONT "HARDY ANNUAL", AND SUGGESTED THAT IF SUCH PRACTICE CONTINUES TO BE FOUND NECESSARY, PERHAPS BOARD SHOULD CONSIDER AMENDING FINANCIAL REGULATIONS. (WHEN SUGGESTION TO CONSIDER AMENDING REGS WAS REITERATED BY OTHER MEMBERS, (INCLUDING U.K., INDIA,) U.S. AND SWISS INTERVENED TO WARN AGAINST ANY HASTY ACTION THIS REGARD. MEMBERS, THEY SAID? SHOULD RESERVE RIGHT TO HAVE CASH SURPLUSES RETURNED. SOUTH AFRICAN REP LATER CLARIFIED HIS POSITION INDICATING HE MEANT REGS SHOULD BE TIGHTENED TO PERMIT SUSPENSION ONLY IN EMERGENCY CIRCUMSTANCES).

2. FRG, U.K., INDIA (VERY RELUCTANTLY), SWISS, CANADA, USSR, AUSTRALIA AND U.S. ALL EXPRESSED SOME DEGREE OF GRUDGING SUPPORT FOR RECOMMENDATION THAT SURPLUSES FROM 1973 AND 1974 BE USED IN PAYING 1975 BILLS. MOST ARGUED ON BASIS GREATER PRACTICALITY THIS APPROACH THAN HAVING TO RETURN TO NATIONAL AUTHORITIES FOR SUPPLEMENTAL ASSESSMENT. U.S. MADE POINT THAT CURRENCY FLUCTUATION AND INFLATION WAS IMPOSED ON AGENCY AND NOT OF IT OWN CREATION. AUSTRALIA OFFERED ITS SUPPORT BUT RECOMMENDED THAT IN FUTURE BOARD SHOULD NOT APPROVE PROGRAMS WITHOUT STATEMENT OF FULL FINANCIAL IMPLICATIONS. CANADA U.K., FRG, ALL POINTED OUT SCHILLING/DOLLAR RATE MAY BE GREATER THAN 17/ONE BY END OF YEAR. ACCORDINGLY, ADVISED SECRETARIAT TO RECOMMEND SUPPLEMENTAL TO GC ONLY IF NECESSARY ON BASIS AVERAGE RATE THROUGH SEPTEMBER 1975. SECRETARIAT (ENNOR) REPLIED THAT DETAILED EXAMINATION WILL BE MADE JUST THIS POINT IMMEDIATELY PRIOR SEPTEMBER GC.

3. SEVERAL DELEGATIONS (FRG, INDIA, SWISS, U.S.), LIMITED OFFICIAL USE

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COMMENDED DG ON PROPOSED ECONOMIES FOR 1975, BUT INDIANS SAID ECONOMIES SHOULD BE BUILT INTO OPERATIONS AND NOT SIMPLY A REACTION TO INFLATION AND EXCHANGE RATE FLUCTUATION. RECOMMENDED CONTINUOUS REVIEW TO KEEP EXPENSES WITHIN BUDGET. FRANCE SAID SAVINGS CAN'T COMPENSTATE FOR REQUESTS FOR ADDITIONAL FUNDS, WHICH AMOUNTS TO ROBBING PETER TO PAY PAUL (REINIS REQUEST, SEE BELOW).

4. INIS. RECOMMENDED INCREASE OF \$135,000 FOR INIS STIRRED MUCH DEBATE. PHILIPPINE HOSTILITY, WHICH IS STANDARD, TOOK FORM OF "WHY, WHEN WE HAVE NO MONEY, SHOULD WE EXPAND PROGRAM AT THIS TIME." FRG SUPPORTED INIS, BUT SIMILARLY QUESTIONED HOW URGENT WAS THE NEED TO MOVE TO MACHINE READABLE ABSTRACTS, RECOMMENDING ECONOMIES ELSEWHERE IN INIS PROGRAM TO MAKE UP NEEDED NEW FUNDS. U.S. EXPRESSED FIRM SUPPORT, AS DID U.K., CANADA AND USSR. U.S. SAID FRG'S QUESTIONS SEEMED VALID, BUT THAT SECRETARIAT SHOULD REPLY WITH EQUIVALLY VALID ANSWERS. AGENCY (BRUNENKANT) NOTED NECESSARY FUNDS MUST BE AVAILABLE IN 1975, PRIMARILY FOR ACQUISTION OF EQUIPMENT TO HANDLE INFORMATION FROM COUNTRIES NOT ABLE TO SUBMIT COPY IN MACHINE READABLE FORM, IN ORDER TO MAKE ABSTRACTING SERVICE AVAILABLE IN 1976. IN RESPONSE TO SECOND INTERVENTION BY FRG ABOUT URGENCY THIS PROGRAM, AGENCY REPLIED THAT THE REASON FOR OBTAINING EQUIPMENT IN 1975 WAS TO PREPARE PROGRAM FOR MACHINE READABLE ABSTRACT FOR 1976, MOVING TO JOURNAL OF ABSTRACTS IN 1977. ALSO EMPHASIZED NEED FOR ADDITIONAL EQUIPMENT IN ORDER TO SERVICE LDC'S.

5. PHILIPPINES MADE MUCH OF TACTIC OF DELAYED RECRUITMENT FOR POSTS AS ECONOMY MEASURE IN 1975. FROM CURRENT 80 VACANCIES, SECRETARIAT PROMISES TO REDUCE VACANCY LEVEL TO 10 BY END 1975, WITH AVERAGE MAN-YEARS UNFILLED OVER 1975 OF APPROX. 30-40. PHILIPPINE REP (SIAZON) CONTINUALLY BROUGHT THIS UP IN LATER DISCUSSIONS ON SPECIFIC PROGRAMS LARGELY TO ATTACK SAFEGUARDS PROGRAMS AND INIS EXPENDITURES. THESE INTERVENTIONS REPORTED SEPTEL.

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6. CONCLUSION DEBATE ON 1975 SUPPLEMENTARY BUDGET SAW CHAIR PROPOSE THAT HE PREPARE REPORT OF DISCUSSION IN CONSULTATION WITH SECRETARIAT AND REFLECTING INTERVENTIONS OF MEMBER STATES. THIS PROCEDURE WAS AGREED TO. LABOWITZ

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